

October 3, 2012

Dear Sirs:

Regarding the proposed Basel III implementation as a requirement for community banks to follow, I am writing to express my concerns of the long-term impact these rules will have on community banks and to request the said banks be exempted from Basel III and remain under Basel I guidelines.

First, the recent financial crisis and its negative economic impact resulted from the inappropriate activities of the large, complex financial institutions which have clearly lost sight of the basic prudent lending and banking practices which built our country's banking system. Community banks did not venture into these high-risk and questionable financial products and investments, choosing instead to forego the 'quick & easy' short-term profits and to invest in the small businesses and family operations which are the foundation of their respective community and of our country.

These large banks clearly deserve and require greater regulatory scrutiny, review, and supervision, based on the crisis which their activities have created. However, the application of those same restrictions on community banks creates an undue burden and an economic disadvantage to community banks, and in effect is punishing their business operations without cause.

Community banks strive to invest in all facets of their local area, and it is not in the best interests of their customers or their community to divert some of those investment dollars into additional staffing and compliance costs while limiting or eliminating some of their loan products and services. Also, the shareholders of these banks are investing their lives in the communities in which they live, and this relationship-based investment cannot be measured solely by an analytical approach to capital standards. The proposed Basel III standards will actually limit or discourage future investment into community banks, thereby weakening or possibly eliminating the very organizations which have helped our nation work through this economic crisis.

Finally, the community banks do not have access to the capital markets for which the Basel III rules are applicable. Therefore, attempting to measure the capital strength of community banks by these same standards is not prudent, applicable, or necessary. This is evidenced by the performance of community banks before and during this crisis, and they continue to perform well based on the existing measurements of capital, soundness, and safety for their depositors. The Basel I standards continue to positively provide the adequate review and monitoring necessary for operations of community banks.

Therefore, I strongly urge your consideration of exempting community banks from the Basel III requirements, allowing them to continue operations under the Basel I capital guidelines which have served the banks, our economy, and our nation well.

Very truly yours,

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